

**Senate Bill No. 47**

\_\_\_\_\_

Passed the Senate      September 13, 2001

\_\_\_\_\_  
*Secretary of the Senate*

\_\_\_\_\_

Passed the Assembly      September 12, 2001

\_\_\_\_\_  
*Chief Clerk of the Assembly*

\_\_\_\_\_

This bill was received by the Governor this \_\_\_\_\_ day of  
\_\_\_\_\_, 2001, at \_\_\_\_\_ o'clock \_\_M.

\_\_\_\_\_  
*Private Secretary of the Governor*

└

## CHAPTER \_\_\_\_\_

An act to amend Sections 335, 337, and 341.2 of the Public Utilities Code, relating to public utilities.

## LEGISLATIVE COUNSEL'S DIGEST

SB 47, Bowen. Electrical restructuring: Oversight Board: Independent System Operator.

The existing restructuring of the electrical services industry provides for the authorization of direct transactions between electricity suppliers and end use customers and for the establishment of an Independent System Operator and a Power Exchange. An Electricity Oversight Board is also established to oversee the Independent System Operator and the Power Exchange. Under existing law, the Oversight Board has the exclusive right to decline to confirm the appointments of members of the governing board of the Independent System Operator. Under existing law, the existing Independent System Operator governing board is required to be replaced, within a specified period of time, by a 5-member independent governing board of directors appointed by the Governor for one-year terms. Existing law requires that a member of the independent governing board of the Independent System Operator not be affiliated with any actual or potential market participant administered by the Independent System Operator.

This bill would authorize the Electricity Oversight Board to investigate any matter related to the wholesale market for electricity. This bill would delete the Electricity Oversight Board's exclusive right to decline to confirm the appointments of members of the governing board of the Independent System Operator. This bill would require the Independent System Operator governing board appointed by the Governor to be confirmed by the Senate. The bill would require these appointments to be for 3-year terms, with initial appointments of one member for a one-year term, 2 members for a 2-year term, and 2 members for a 3-year term.

The bill would make a conforming change in existing law.



*The people of the State of California do enact as follows:*

SECTION 1. Section 335 of the Public Utilities Code, as amended by Section 1 of Chapter 1 of the 2001-02 First Extraordinary Session, is amended to read:

335. In order to ensure that the interests of the people of California are served, a five-member Electricity Oversight Board is hereby created as provided in Section 336. For purposes of this chapter, any reference to the Oversight Board shall mean the Electricity Oversight Board. Its functions shall be all of the following:

(a) To oversee the Independent System Operator and the Power Exchange.

(b) To determine the composition and terms of service and to exercise the exclusive right to decline to confirm the appointments of specific members of the governing board of the Power Exchange.

(c) To serve as an appeal board for majority decisions of the Independent System Operator governing board, as they relate to matters subject to exclusive state jurisdiction, as specified in Section 339.

(d) Those members of the Power Exchange governing board whose appointments the Oversight Board has the exclusive right to decline to confirm include proposed governing board members representing agricultural end users, industrial end users, commercial end users, residential end users, end users at large, nonmarket participants, and public interest groups.

(e) To investigate any matter related to the wholesale market for electricity to ensure that the interests of California's citizens and consumers are served, protected, and represented in relation to the availability of electric transmission and generation and related costs, during periods of peak demand.

SEC. 2. Section 337 of the Public Utilities Code, as amended by Section 3 of Chapter 1 of the 2001-02 First Extraordinary Session, is amended to read:

337. (a) The Independent System Operator governing board shall be composed of a five-member independent governing board of directors appointed by the Governor and subject to confirmation by the Senate. Any reference in this chapter or in any other provision of law to the Independent System Operator governing



board means the independent governing board appointed under this subdivision.

(b) A member of the independent governing board appointed under subdivision (a) may not be affiliated with any actual or potential participant in any market administered by the Independent System Operator.

(c) (1) All appointments shall be for three-year terms.

(2) There is no limit on the number of terms that may be served by any member.

(d) The Oversight Board shall require the articles of incorporation and bylaws of the Independent System Operator to be revised in accordance with this section, and shall make filings with the Federal Energy Regulatory Commission as the Oversight Board determines to be necessary.

(e) For the purposes of the initial appointments to the Independent System Operator governing board, as provided in subdivision (a), the Governor shall appoint one member to a one-year term, two members to a two-year term, and two members to a three-year term.

SEC. 3. Section 341.2 of the Public Utilities Code, as amended by Section 4 of Chapter 1 of the 2001-02 First Extraordinary Session, is amended to read:

341.2. The Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code) applies to meetings of the Oversight Board. In addition to the allowances of that act, the Oversight Board may hold a closed session to consider the appointment of one or more candidates to the governing board of the Power Exchange, deliberate on matters involving the removal of a member of the governing board of the Power Exchange, or to consider a matter based on information that has received a grant of confidential status pursuant to regulations of the Oversight Board, provided that any action taken on such a matter shall be taken by vote in an open session.



Approved \_\_\_\_\_, 2001

\_\_\_\_\_  
*Governor*

